



oppaga

Special Review

February 2003

Legislative Options for County Share of Medicaid Nursing Home Costs

at a glance

The Legislature faces two issues in funding Medicaid nursing home care:

- apportioning the state and counties' share (\$53.3 million) of next year's projected cost increase and
- replacing the current cumbersome and costly billing process with a feasible alternative.

We identified three options along with their advantages and disadvantages for county funding of Medicaid nursing home care:

1. setting the county contribution at 1.5%, which would require more state general revenue;
2. equally splitting the projected cost increase between state and counties, which would require less additional state general revenue but would impose an increase of almost 80% on counties; and
3. fixing the county contribution rate at 10%, which would raise \$227 million for Fiscal Year 2003-04. This could create fiscal problems for some counties, but would reduce the need for state general revenue by \$140.9 million.

Implementing any of these options would require statutory changes.

There are three alternatives to the current billing process that would reduce disputes and save costs associated with resolving disputes about residency but require more work to develop.

Purpose

The 2002 Legislature directed OPPAGA to assess options to the current counties' contribution to Medicaid nursing home costs. This report presents three options for the counties' contribution for Fiscal Year 2003-04 and for subsequent years. As directed by law, no option reduces the counties' share to less than 1.5%. We also present three alternatives to the current method of determining each county's share.

Background

Florida's Medicaid program was established in 1970 to provide health care coverage to selected low-income persons who meet federal and state eligibility requirements.¹ The Medicaid nursing home program provides 24-hour-a-day nursing services to eligible clients who require institutional care as ordered by a doctor. Nursing homes must be licensed and certified by the Agency for Health Care Administration to participate in the Medicaid program.

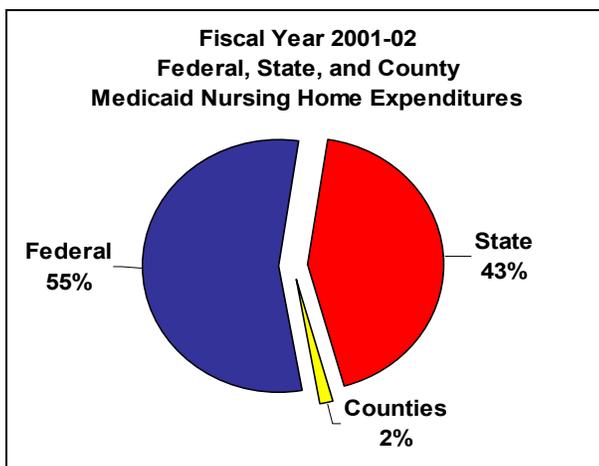
The program is funded through federal and state participation, with counties also contributing to the cost of nursing facility services.² The federal contribution is a percentage of total expenditures,

¹ Sections 409.903 and 409.904, *F.S.*, provide eligibility requirements for each of the Medicaid eligibility groups.

² Section 409.915, *F.S.*, requires counties to pay a portion of nursing home and hospital care for Medicaid recipients.

based on Florida's per capita income. For Fiscal Year 2001-02, the federal Medicaid match for Florida was 56.43%, with the remaining 43.57% being the state and county portion.³ In Fiscal Year 2001-02, total expenditures for Medicaid nursing home care were \$1.83 billion, of which \$798.7 million was from state trust fund and general revenue. The counties were billed \$32.8 million (1.78% of the total) to reimburse a portion of the state's costs (see Exhibit 1).

Exhibit 1 Program Is Funded by Federal, State and Local Revenues



Source: Agency for Health Care Administration.

County contributions to Medicaid nursing home expenditures are based on the number of each county's Medicaid nursing home residents who are determined to be legal residents of the county at the time of their nursing home placements. Counties pay \$55 per month for each of these residents.⁴ As required by s. 409.915(3), *Florida Statutes*, counties pay only for their legal residents, regardless of where in the state the nursing home care is provided. Thus, if an elderly person always had lived in Gadsden County but temporarily moved in with a family member in Alachua County for a few months prior to admission to a nursing home located in Alachua County; Gadsden County would be

³ For Fiscal Year 2002-03, the federal match increased slightly to 58.83%.

⁴ Counties pay 35% of the total nursing home cost in excess of \$170 not to exceed \$55 per month.

responsible for paying the county portion of that person's care.

The process for determining each county's Medicaid contribution involves several steps and different entities.

- The Department of Children and Families screens persons who are admitted to nursing homes to determine if they are eligible for Medicaid and establishes their county of residence.
- The nursing home submits an electronic claim to the state Medicaid fiscal agent (ACS Health Care Services, formerly Consultec) for services rendered each month by the fifteenth day of the next month.
- The state's Medicaid fiscal agent pays the nursing home and reports billing information to the Agency for Health Care Administration (AHCA).
- AHCA reviews these billings monthly and provides each county with a bill listing Medicaid nursing home residents for which the county is responsible for paying.
- Counties review the information to determine whether the bill is correct. Often, county employees investigate individual names and addresses to verify the individual's county of residence. If the county determines that the bill is correct, it remits a payment to AHCA, which is deposited into general revenue unallocated. If the county determines that an individual is not a county resident, the amount of the bill is rejected and returned to AHCA.
- AHCA researches each rejected bill and must provide additional documentation to the county to support its original determination of residency or identify another county that should be billed. This process continues until the county pays the bill, another county is billed for the individual in question, or until AHCA determines the cost cannot be properly billed to a specific county.
- As authorized in s. 409.915, *Florida Statutes*, the Department of Banking and Finance can withhold funds if counties do not pay their share of Medicaid nursing home costs.

Appendix A illustrates the steps and entities involved in the county billing process.

Medicaid nursing home costs have risen steadily in the past decade; bigger increases are anticipated in the future

Total Medicaid nursing home costs have more than doubled in the past 10 years, from \$855 million in Fiscal Year 1991-92 to \$1.83 billion in 2001-02 (see Exhibit 2). AHCA projects total Medicaid nursing home costs will be \$2.27 billion in Fiscal Year 2003-04, an increase of \$440 million. This cost increase can be attributed to three primary factors:

- rising inflation in the health care industry nationwide;
- an increase in the number of Medicaid nursing home residents; and
- legislatively mandated increases in nursing home staff.

Health care inflation. Nationally, health care spending rose at an average annual rate of 9.7% between 1989 and 1993, and then slowed to 5.4% average annual growth from 1994 to 1999. However, health care spending rose 6.9% in 2000.

National health care experts estimate that medical costs will account for 14.7% of the nation’s gross domestic product in 2002, and

project this amount will increase to 17% by 2011.⁵ Nursing home costs are projected to increase by an average of 5.5% each year from 2001-2011.

A 2001 Kaiser Family Foundation analysis of federal Medicaid spending states that “caring for elderly and disabled Medicaid beneficiaries was the single largest factor behind the \$12.4 billion increase in federal Medicaid spending between 2000 and 2001.” The increasing cost of prescription drugs is a determining factor in these rising costs.^{6,7}

More nursing home clients. The number of Medicaid nursing home residents in Florida increased by 41% between Fiscal Year 1991-92 and 2001-02, growing from 55,460 residents to 78,120 (see Exhibit 3).⁸

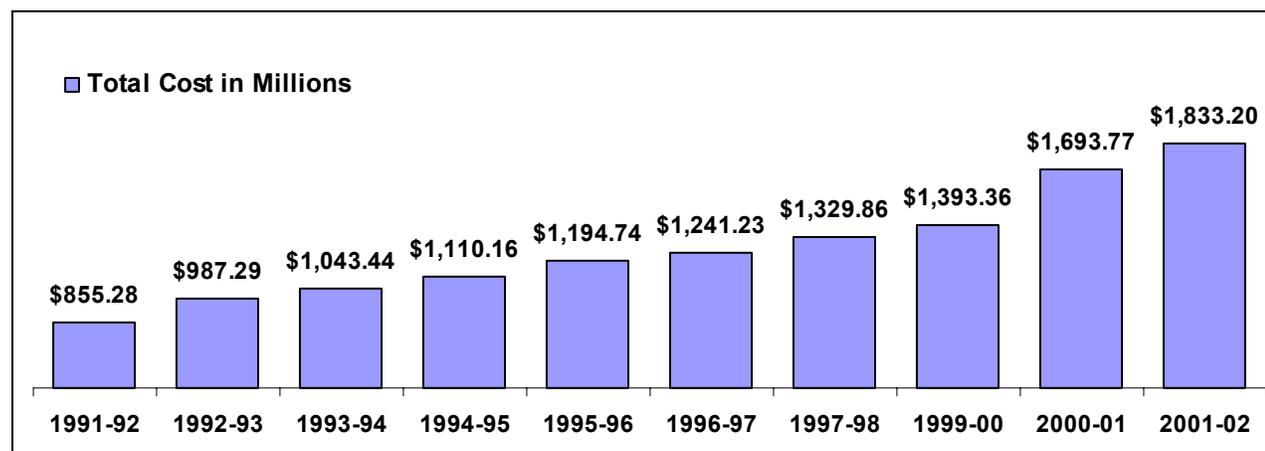
⁵ Stephen Heffler, et al. *Health Spending Projections For 2001-2011: The Latest Outlook*, Health Affairs, March/April 2002, p. 208.

⁶ *Justification Review: Growth in Medicaid Prescription Drug Costs Indicates Additional Prudent Purchasing Practices Are Needed*, Report No. 01-10, February 2001.

⁷ *The Role of Medicaid in State Budgets*, Kaiser Commission on Medicaid and the Uninsured, Kaiser Family Foundation, October 2001, pp. 5-7.

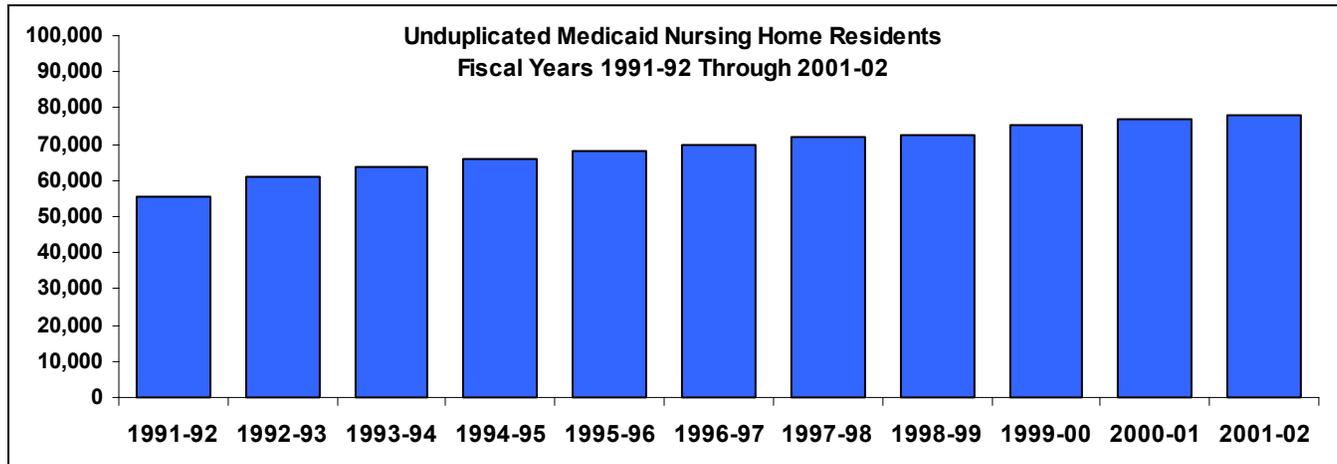
⁸ Although the unduplicated count of Medicaid nursing home residents during the year was 78,120, counties are billed for a monthly population of approximately 50,000 Medicaid nursing home residents because many Medicaid nursing home residents stay in nursing homes for only a short period before returning to their homes or dying.

**Exhibit 2
Total Medicaid Nursing Home Expenditures More Than Doubled From Fiscal Year 1991-92 to Fiscal Year 2001-02**



Source: Agency for Health Care Administration.

Exhibit 3
The Number of Medicaid Nursing Home Residents Increased by 41%



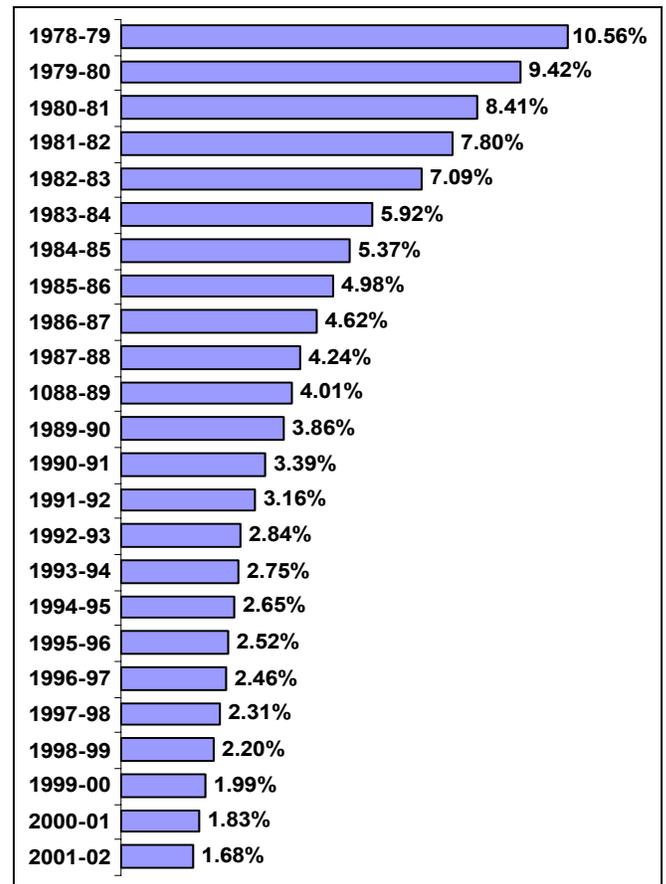
Source: Agency for Health Care Administration.

Increased nursing home staff. New state laws require additional staff in nursing homes. Chapter 2001-45, *Laws of Florida*, required nursing homes to increase the hours of direct care for each resident beginning January 2002 with subsequent increases in 2003 and 2004. Nursing homes must have sufficient certified nursing assistants to provide 2.9 hours of direct care per patient per day beginning January 2004. The legislation directed the Agency for Health Care Administration to adopt rules for nursing home staffing and evaluate compliance at least every 15 months. Agency officials estimated the financial impact of the new staffing requirements, which will be phased in, at \$42 million for Fiscal Year 2001-02 and \$111.4 in Fiscal Year 2002-03.

County contribution rate has dwindled from 10.5% to 1.68% of monthly costs

Because overall Medicaid nursing home costs have increased steadily while the county contribution has remained fixed at \$55 per person per month, the proportion of the counties' contribution has declined significantly over time. In Fiscal Year 1978-79, the county contribution represented 10.5% of monthly Medicaid nursing home costs. However, this percentage fell to 1.68% for Fiscal Year 2001-02 (see Exhibit 4).

Exhibit 4
County Portion of Monthly Medicaid Nursing Home Costs Has Fallen Over Time, Fiscal Years 1978-79 Through 2001-02



Source: Agency for Health Care Administration

Medicaid nursing home cost increase is projected

AHCA projects the cost of providing Medicaid nursing home care for Fiscal Year 2003-04 to be \$2.27 billion, which is a \$184 million increase over estimated expenditures for Fiscal Year 2002-03. The cost increase for Fiscal Year 2003-04 is expected to be \$129.8 million more than the prior year's appropriation, of which \$53.3 million would be the state and county portion.⁹

If no change were made to the current county contribution rate, the 2003 Legislature would need to appropriate an additional \$53.3 million in general revenue to cover its share of this projected cost increase. This would be difficult to do because of recent flattening or declining state revenue.

Findings

We provide options for legislative consideration in two areas: modifying the county share of Medicaid nursing home costs and modifying the current Medicaid billing process.

Modifying county share. The Legislature could consider several options to modify the county share of Medicaid nursing home expenditures. These options would reduce the need for additional general revenue but could create fiscal problems for some counties.

Modifying billing process. The Legislature could consider modifying the current cumbersome county Medicaid nursing home billing process. These options would streamline the process, but could change the amount of funding provided by individual counties.

The Legislature could consider three options for changing the county Medicaid contribution

We identified three options for changing the counties' contribution rate for Medicaid nursing home care. Appendix B shows a comparison of each county's projected contribution for Fiscal Year 2003-04 based on these options.

Option 1: Establish a fixed county contribution rate of 1.5% of total Medicaid nursing home costs. This option would maintain counties share of Medicaid nursing home costs at 1.5% of total expenditures. Under this option, the Legislature would amend s.409.915, *Florida Statutes*, to change the county contribution rate from the current fixed level of \$55 per Medicaid nursing home resident per month to 1.5% of total annual costs. The Agency for Health Care Administration would bill counties on a monthly basis for these costs. For administrative purposes, these billings should probably be based on projected annual Medicaid nursing home expenditures.

We estimate that this option would require the monthly per person county contribution to increase from \$55 to \$56.25 (a 2.27% increase) for Fiscal Year 2003-04. County contributions would rise from the current level of \$32.8 million to \$34.1 million, a \$1.3 million increase. Under this option, the Legislature would need to use general revenue to make up the remaining \$52 million of the projected cost increase of \$53.3 million.

Option 2: Split the difference in next year's projected cost increase equally between the state and counties. Under this option, the state and counties would each provide 50% of the projected Fiscal Year 2003-04 cost increase of \$53.3 million. The county Medicaid nursing home contribution would increase from the current \$32.8 million to \$59.5 million. This would raise the county contribution rate for next fiscal year to 2.62%, which translates into a monthly per person county contribution of \$98.20, an increase of almost 80% from the current \$55 level. This option would be implemented by amending s.409.915, *Florida Statutes*, or by instituting a higher county contribution level in the appropriations implementing act. In future years, the county contribution could either be retained at this higher level or revert back to the current \$55 level.

Option 3: Establish a fixed county contribution rate of 10% of total Medicaid nursing home costs. This option would reinstate the cost share percentage that existed when the Legislature initially set the \$55 per person per month county contribution cap in the 1970s. In its 2002-03 Legislative Budget Request, AHCA proposed

⁹ This figure assumes the Fiscal Year 2003-04 federal match will be 58.93%.

raising the county contribution rate to 10% of total monthly costs. This option would be implemented by amending s. 409.915, *Florida Statutes*, to change the county contribution rate from the current fixed level of \$55 per Medicaid nursing home resident per month to 10% of total costs.

This option would raise the monthly per person county contribution from \$55 to \$374.97 (a 582% increase).¹⁰ We estimate this would increase the counties' contribution to \$227 million in Fiscal Year 2003-04. Option 3 fully funds the projected cost increase and reduces the need for general revenue by \$140.9 million for Fiscal Year 2003-04.

Increasing the county contributions would create fiscal problems for counties unless additional funding sources were established

County officials assert that increasing the Medicaid nursing home cost would create fiscal difficulties for their local governments. Some counties would need to reduce or eliminate spending for existing county programs, while others would need to raise taxes.

Some counties would be limited in their ability to increase property taxes to raise additional revenues to pay Medicaid nursing home costs. Twenty of the state's 67 counties are at or near the constitutional limit of 10 mills for property taxes (see Appendix C).

Counties could create special taxing districts to raise additional property tax revenue for Medicaid nursing home costs. Property taxes assessed by independent special districts do not count against the constitutional 10-mill limit. As expressed in s. 154.331, *Florida Statutes*, special taxing districts can be created in a county for the purpose of raising revenue to be used for health care purposes.¹¹ Forty-two counties have existing special health taxing districts; some counties have more than one.¹² The Legislature

may need to authorize counties to create additional Medicaid nursing home special taxing districts to raise funds for this purpose. A related option would be to authorize counties to establish local sales taxes for this purpose.

Finally, counties will likely receive additional funds in future years under Article V, which could help them meet additional Medicaid nursing home costs. In 1998, voters approved a revision to Article V of the state's constitution, referred to as Revision 7, which mandates that the state assume funding responsibility for additional elements of the state courts system effective July 1, 2004. In Ch. 2000-237, *Laws of Florida*, the Legislature determined that the state will pay for the "essential elements" of the state courts system.¹³ While these essential elements and their costs have not yet been determined, the Article V revisions will reduce county court costs, freeing up funds that could be used to pay their share of Medicaid nursing home expenses beginning in Fiscal Year 2004-05.

The current county billing process is complex and costly

The Legislature also could consider changing the process of billing counties for Medicaid nursing home care, which is cumbersome and expensive to administer. Processing Medicaid nursing home bills involves employees in each of the state's 67 counties and three separate statewide entities. A 1992 task force estimated the annual cost for state and county employees to process Medicaid bills, including hospital bills, was \$1.8 million.¹⁴ Due to an increased volume in the number of bills now processed compared to 1992, these costs are likely higher today.

Despite changes made in 2000 that automated residency determinations in the FLORIDA system, many stakeholders continue to believe there are problems with the current billing process.¹⁵ Some county employees we contacted characterize the billing process as "archaic" and "a nightmare." Counties closely examine the lists

¹⁰ OPPAGA's estimate of \$374.97 is based on the actual number of nursing home residents by county for Fiscal Year 2001-02. AHCA estimates the per person per month nursing home cost at \$399 based on statewide projections of nursing home residents for Fiscal year 2003-04.

¹¹ Requires a majority vote of the electors in the county.

¹² Florida Association of Counties reports that most of these are hospital districts and limited to construction and maintenance of health care facilities.

¹³ *Information Brief: Many Article V Trial Courts Funding Issues Still Need to Be Resolved*, Report No. 01-54, November 2001.

¹⁴ *County Contributions to Medicaid*, The Task Force on County Contributions to Medicaid, February 1992.

¹⁵ The FLORIDA system is the Florida On-Line Recipient Integrated Data Access System.

of county nursing home residents produced by the Agency for Health Care Administration as a means of controlling their costs, and they frequently dispute these listings. County employees note the listed legal addresses have sometimes been post office boxes or are non-existent or undocumented. An AHCA internal audit in August 2001 identified 10,061 nursing home residents without any documentation for their residency determination.

Counties frequently dispute the listings and do not pay amounts under dispute. Eventually, these disputed costs are either paid by another county or removed from the counties' bills and the costs are absorbed by the state. Although AHCA could not provide us with the amount of disputed billings for Fiscal Year 2001-02, unpaid billings from all counties totaled \$4.3 million, or 12.9% of the total \$32.8 million billed to counties in that year. Appendix D shows a breakdown by county of unpaid billings for Fiscal Year 2001-02. An AHCA internal audit found that \$7.3 million had been removed from finance and accounting records from Fiscal Year 1998-99 through 2001-02, meaning that state general revenue was used to pay for these disputed billings.

As an alternative to the current system, the Legislature could amend s. 409.915(3), *Florida Statutes*, to rescind the residency requirement and replace it with another method for determining the amount each county should pay. We identified three options for the Legislature to consider for replacing the current billing system. Appendix E shows a comparison of each county's projected contribution for Fiscal Year 2003-04 based on these options.

Option 1: Allocate costs based on current percentages. Under this option, the state would base future county Medicaid nursing home contributions on each county's current percentage of the total county contribution. This percentage would be frozen for future years, and the state would no longer bill counties based on the number of residents in nursing homes. For example, in Fiscal Year 2001-02 Miami-Dade County was billed for 11.44% of the counties' total contribution towards Medicaid nursing home care. Under this alternative, Miami-Dade County would be assessed 11.44% of the total

contribution for future years. The advantage of this alternative is that it would eliminate the current cumbersome billing process and avoid a portion of its estimated \$1.8 million in administrative costs. The disadvantage is that it would not reflect any changes that could occur in the use of Medicaid nursing home beds by each county's residents.

Option 2: Base county contributions on nursing home beds. Under this option, each county's assessment would be based on the number of Medicaid nursing home beds within the county, rather than the use of these beds by residents. Thus, if a county housed 10% of the state's total Medicaid nursing home beds, it would pay 10% of the total county contribution. This option would streamline the process and reduce administrative costs as the number of Medicaid nursing home beds in each county is known. Because of a moratorium on Medicaid nursing homes, there would be little or no change until 2006 in the number of beds per county.¹⁶ This option would shift costs among counties to some extent, and three counties (Liberty, Glades, and Union) would not pay any assessment as there are no Medicaid nursing home beds in their jurisdiction.

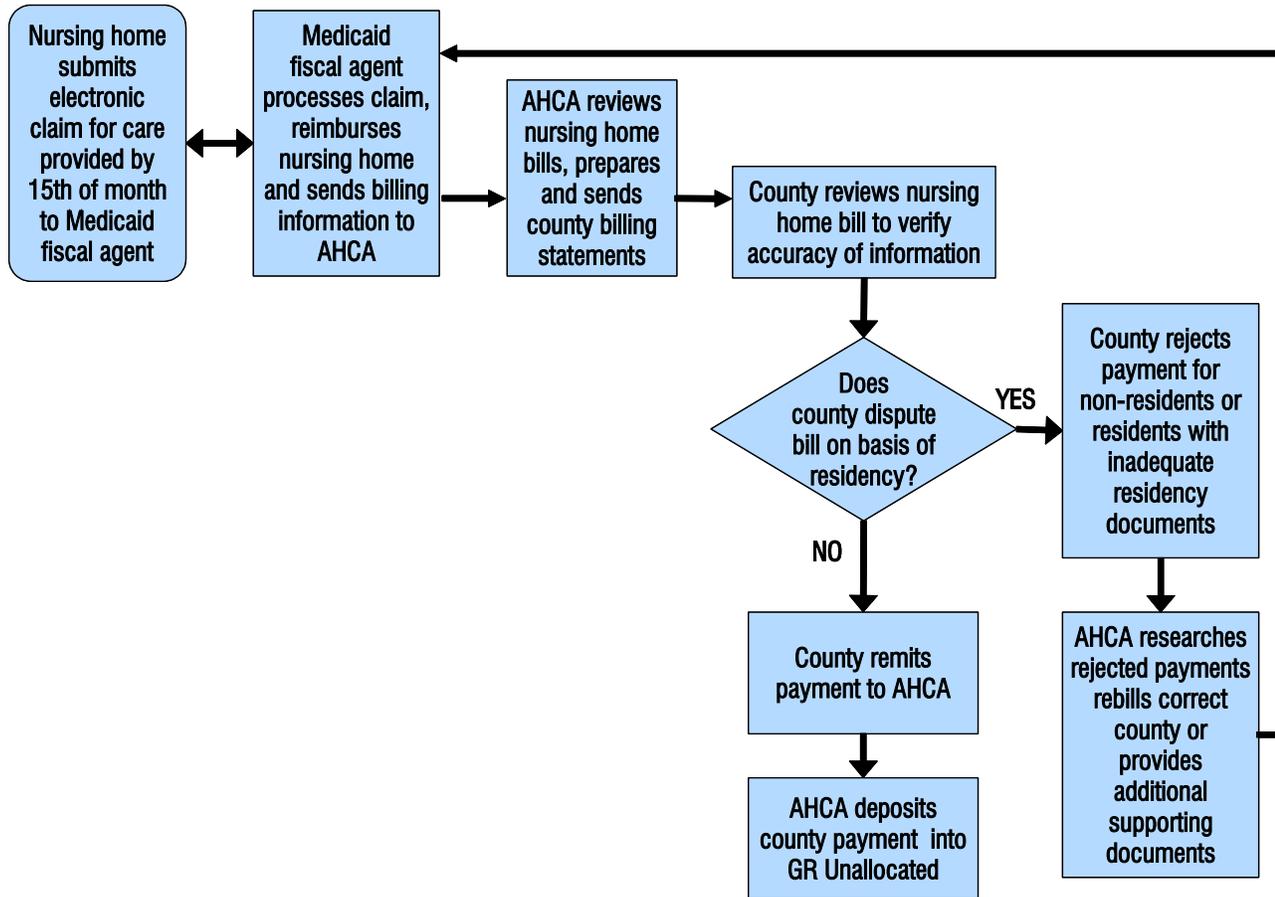
Option 3: Base county contributions on risk of nursing home placement. Under this option, the current system would be replaced by one that bases each county's contribution on the proportion of county residents who are age 65 and over and Medicaid eligible. The advantage of this option is that it would streamline the assessment process and reduce administrative costs. With the exception of Miami-Dade County, the percentage of each county's population who are age 65 and over and Medicaid eligible is strongly correlated to the number of Medicaid nursing home residents in each county.¹⁷ In the case of Miami-Dade, however, the county would face a substantial increase in its assessment under this option, as its residents currently have a relatively low ratio of placement in Medicaid nursing homes compared to other counties.

¹⁶ The 2001 Legislature placed a moratorium on nursing homes until July 1, 2006.

¹⁷ Pearson's correlation = 0.934.

Appendix A

Medicaid Nursing Home Billing Process



Source: Agency for Health Care Administration and OPPAGA analysis.

Appendix B

Cost Estimates for New County Contribution Options 1-3

	Billings for Fiscal Year 2001-02	Option 1 Counties Contribute 1.5% of Total Medicaid Nursing Home Costs ¹	Option 2 Counties and State Split the Projected 2003-04 Cost Increase ²	Option 3 Counties Pay 10% of Total Medicaid Nursing Home Costs ³
Alachua	\$ 336,793.65	\$ 352,125.00	\$ 614,732.00	\$ 2,347,312.20
Baker	65,142.70	65,081.25	113,617.40	433,840.29
Bay	385,867.82	392,962.50	686,025.20	2,619,540.42
Bradford	70,137.66	73,181.25	127,758.20	487,835.97
Brevard	1,062,610.36	1,072,068.75	1,871,593.80	7,146,553.23
Broward	1,692,090.60	1,777,050.00	3,102,334.40	11,846,052.24
Calhoun	62,940.60	65,643.75	114,599.40	437,589.99
Charlotte	385,196.77	394,425.00	688,578.40	2,629,289.64
Citrus	377,696.13	387,956.25	677,285.40	2,586,168.09
Clay	231,694.38	249,918.75	436,302.60	1,665,991.71
Collier	305,814.24	323,493.75	564,748.20	2,156,452.47
Columbia	171,794.46	178,200.00	311,097.60	1,187,904.96
Dade	3,753,816.56	3,961,012.50	6,915,047.60	26,404,637.46
DeSoto	84,139.23	83,981.25	146,612.60	559,830.21
Dixie	43,748.53	44,043.75	76,890.60	293,601.51
Duval	1,933,193.06	1,984,050.00	3,463,710.40	13,225,941.84
Escambia	669,791.70	697,275.00	1,217,287.20	4,648,128.12
Flagler	83,598.12	85,781.25	149,755.00	571,829.25
Franklin	40,099.59	42,300.00	73,846.40	281,977.44
Gadsden	182,947.10	187,031.25	326,515.00	1,246,775.25
Gilchrist	39,203.23	39,768.75	69,427.40	265,103.79
Glades	8,844.45	9,731.25	16,988.60	64,869.81
Gulf	47,920.96	49,050.00	85,630.40	326,973.84
Hamilton	68,505.65	73,012.50	127,463.60	486,711.06
Hardee	57,271.41	62,606.25	109,296.60	417,341.61
Hendry	75,368.05	81,112.50	141,604.40	540,706.74
Hernando	201,174.33	211,387.50	369,035.60	1,409,137.26
Highlands	261,290.71	265,443.75	463,405.80	1,769,483.43
Hillsborough	1,793,871.87	1,883,587.50	3,288,325.20	12,556,245.42
Holmes	98,474.42	100,012.50	174,599.60	666,696.66
Indian River	213,591.58	215,943.75	376,989.80	1,439,509.83
Jackson	260,477.80	270,675.00	472,538.40	1,804,355.64
Jefferson	79,349.69	84,768.75	147,987.40	565,079.79
Lafayette	15,345.00	15,750.00	27,496.00	104,991.60
Lake	509,500.00	528,187.50	922,098.00	3,520,968.30
Lee	777,368.67	809,156.25	1,412,607.00	5,393,943.45
Leon	406,437.10	421,200.00	735,321.60	2,807,775.36
Levy	101,905.29	107,943.75	188,445.80	719,567.43

Special Review

	Billings for Fiscal Year 2001-02	Option 1 Counties Contribute 1.5% of Total Medicaid Nursing Home Costs ¹	Option 2 Counties and State Split the Projected 2003-04 Cost Increase ²	Option 3 Counties Pay 10% of Total Medicaid Nursing Home Costs ³
Liberty	32,493.81	33,581.25	58,625.40	223,857.09
Madison	92,574.44	94,893.75	165,663.40	632,574.39
Manatee	510,411.19	531,618.75	928,088.20	3,543,841.47
Marion	632,166.75	655,425.00	1,144,226.40	4,369,150.44
Martin	265,930.99	274,443.75	479,117.80	1,829,478.63
Monroe	143,825.08	151,256.25	264,059.80	1,008,294.33
Nassau	109,155.65	115,987.50	202,488.40	773,188.14
Okaloosa	363,349.60	376,256.25	656,859.80	2,508,174.33
Okeechobee	99,401.22	101,868.75	177,840.20	679,070.67
Orange	1,756,145.91	1,791,450.00	3,127,473.60	11,942,044.56
Osceola	348,672.33	366,862.50	640,460.40	2,445,554.34
Palm Beach	2,042,543.70	2,116,406.25	3,694,775.00	14,108,246.25
Pasco	895,702.37	923,400.00	1,612,051.20	6,155,507.52
Pinellas	2,781,541.38	2,886,187.50	5,038,642.00	19,239,710.70
Polk	1,319,584.88	1,354,331.25	2,364,361.40	9,028,152.69
Putnam	228,843.13	242,043.75	422,554.60	1,613,495.91
Saint Johns	248,711.46	260,156.25	454,175.00	1,734,236.25
Saint Lucie	458,512.70	482,343.75	842,065.00	3,215,367.75
Santa Rosa	171,251.18	178,818.75	312,177.80	1,192,029.63
Sarasota	927,964.89	953,775.00	1,665,079.20	6,357,991.32
Seminole	474,427.90	502,762.50	877,711.60	3,351,481.86
Sumter	122,463.59	123,637.50	215,843.60	824,184.06
Suwannee	158,796.35	164,531.25	287,235.00	1,096,787.25
Taylor	76,654.12	80,043.75	139,738.60	533,582.31
Union	19,179.61	20,081.25	35,057.40	133,864.29
Volusia	1,281,906.97	1,328,737.50	2,319,680.40	8,857,541.34
Wakulla	45,386.04	47,868.75	83,568.20	319,099.47
Walton	126,250.75	131,062.50	228,806.00	873,680.10
Washington	119,401.43	124,987.50	218,200.40	833,183.34
Total	\$32,808,262.89	\$34,061,737.50	\$59,464,224.40	\$227,060,083.74

¹ AHCA's Fiscal Year 2003-04 estimate of total Medicaid nursing home costs of \$2.27 billion was multiplied by 1.5% to estimate the Option 1 total of \$34 million. The \$34 million was divided by the total nursing home population for Fiscal Year 2001-02 to determine the monthly amount per person of \$56.25. Each county's nursing home population for Fiscal Year 2001-02 was multiplied by \$56.25 to determine county totals.

² Option 2 assumes that counties will contribute 50% of the projected \$53.3 million cost increase for Medicaid nursing home costs in Fiscal Year 2003-04. The total county contribution is calculated by adding half of the cost increase, \$26.6 million, and \$32.8 million, which is the amount billed in Fiscal Year 2001-02 the most recent data available, resulting in \$59.4 million estimate. The \$59.4 million was divided by the total nursing home population for Fiscal Year 2001-02 to determine the monthly amount per person of \$98.20. Each county's nursing home population for Fiscal Year 2001-02 was multiplied by \$98.20 to determine county totals.

³ AHCA's Fiscal Year 2003-04 estimate of total Medicaid nursing home costs of \$2.27 billion was multiplied by 10% to estimate the Option 3 total of \$227 million. The \$227 million was divided by the total nursing home population for Fiscal Year 2001-02 to determine the monthly amount per person of \$374.97. Each county's nursing home population for Fiscal Year 2001-02 was multiplied by \$374.97 to determine county totals.

Source: Agency for Health Care Administration data and OPPAGA analysis.

Appendix C

Counties At or Near Constitutional 10-Mill Cap

County	2001 Operating Millage	Value of 1 Mill
Duval ¹	10.3465	32,219,300.00
Bradford	10.0	509,520.00
Calhoun	10.0	239,554.00
Dixie	10.0	290,326.00
Gadsden	10.0	844,497.00
Gilchrist	10.0	312,819.00
Glades	10.0	410,876.00
Hamilton	10.0	490,346.00
Jefferson	10.0	328,637.00
Lafayette	10.0	146,849.00
Liberty	10.0	136,524.00
Union	10.0	157,988.00
Washington	10.0	468,111.00
Holmes	9.98	277,877.00
Madison	9.829	366,468.00
Wakulla	9.75	551,750.00
Sumter	9.565	1,503,898.00
Hendry	9.5	1,411,703.00
Pasco	9.114	11,002,948.00
Suwannee	9.05	752,460.00
Levy	9.0	974,136.00
Alachua	8.9887	6,655,961.00
Clay	8.9885	4,758,098.00
Baker	8.96	367,677.00
Putnam	8.8	2,430,538.00
Escambia	8.756	8,508,918.00
Columbia	8.726	1,360,730.00
Leon	8.57	8,742,137.00
Jackson	8.505	878,527.00
Hardee	8.5	883,139.00
Highlands	8.5	2,961,507.00
Hernando	8.3204	4,733,389.00
DeSoto	8.1	860,120.00
Taylor	8.076	800,217.00

County	2001 Operating Millage	Value of 1 Mill
Okeechobee	8.001	1,025,610.00
Citrus	7.741	5,585,698.00
Saint Lucie	7.6794	8,677,692.00
Polk	7.527	16,802,670.00
Manatee	7.4557	14,357,959.00
Hillsborough	7.4349	42,782,759.00
Nassau	7.3821	3,532,555.00
Pinellas	6.801	42,410,833.00
Broward	6.6677	83,221,358.00
Santa Rosa	6.6175	4,568,997.00
Gulf	6.575	943,849.00
Volusia	6.3144	17,249,810.00
Saint Johns	6.065	9,581,737.00
Osceola	5.9945	9,711,714.00
Marion	5.85	7,978,654.00
Miami-Dade	5.713	103,822,610.00
Bay	5.662	6,604,699.00
Franklin	5.573	942,965.00
Martin	5.491	11,123,877.00
Walton	5.37	4,596,825.00
Lee	5.3401	31,854,496.00
Orange	5.1639	55,904,604.00
Lake	5.117	8,480,649.00
Seminole	4.9989	16,929,002.00
Flagler	4.9612	3,174,408.00
Charlotte	4.7141	8,468,318.00
Palm Beach	4.55	79,622,189.00
Sarasota	4.377	26,352,280.00
Okaloosa	4.25	8,363,349.00
Brevard	4.2303	18,196,158.00
Monroe	4.1407	11,285,510.00
Indian River	4.0501	8,541,205.00
Collier	3.8772	33,395,002.00

¹ Duval County/City of Jacksonville is a consolidated government; therefore, it has a 20-mill cap since it operates as both a county and municipal government.

Source: Florida Association of Counties.

Appendix D

Forty-Nine Unpaid County Billings, 2001-02¹

County	Billed	Collected	Amount Unpaid	Percentage Unpaid
Jefferson	\$ 79,349.69	\$ 51,733.34	\$ 27,616.35	34.80
Madison	92,574.44	61,889.99	30,684.45	33.15
Hardee	57,271.41	38,733.08	18,538.33	32.37
DeSoto	84,139.23	57,063.65	27,075.58	32.18
Hernando	201,174.33	137,372.84	63,801.49	31.71
Pinellas	2,781,541.38	2,005,124.13	776,417.25	27.91
Okeechobee	99,401.22	72,450.14	26,951.08	27.11
Gilchrist	39,203.23	28,808.63	10,394.60	26.51
Duval	1,933,193.06	1,424,595.95	508,597.11	26.31
Monroe	143,825.08	107,113.42	36,711.66	25.53
Martin	265,930.99	201,281.39	64,649.60	24.31
Volusia	1,281,906.97	977,334.72	304,572.25	23.76
Alachua	336,793.65	257,079.66	79,713.99	23.67
Orange	1,756,145.91	1,359,112.92	397,032.99	22.61
Hendry	75,368.05	58,692.78	16,675.27	22.13
Sarasota	927,964.89	724,889.18	203,075.71	21.88
Sumter	122,463.59	95,834.49	26,629.10	21.74
Leon	406,437.10	319,127.32	87,309.78	21.48
Osceola	348,672.33	277,398.00	71,274.33	20.44
Citrus	377,696.13	301,514.56	76,181.57	20.17
Lee	777,368.67	624,878.80	152,489.87	19.62
Brevard	1,062,610.36	857,980.95	204,629.41	19.26
Suwannee	158,796.35	130,048.05	28,748.30	18.10
Hillsborough	1,793,871.87	1,480,471.38	313,400.49	17.47
Gulf	47,920.96	39,673.77	8,247.19	17.21

County	Billed	Collected	Amount Unpaid	Percentage Unpaid
Dixie	\$ 43,748.53	\$ 36,247.41	\$ 7,501.12	17.15
Highlands	261,290.71	216,617.24	44,673.47	17.10
Bradford	70,137.66	58,749.11	11,388.55	16.24
Columbia	171,794.46	144,234.67	27,559.79	16.04
Bay	385,867.82	325,530.76	60,337.06	15.64
Taylor	76,654.12	65,999.73	10,654.39	13.90
Collier	305,814.24	265,160.71	40,653.53	13.29
Polk	1,319,584.88	1,149,868.07	169,716.81	12.86
Lake	509,500.00	453,080.77	56,419.23	11.07
Palm Beach	2,042,543.70	1,822,505.43	220,038.27	10.77
Seminole	474,427.90	423,360.07	51,067.83	10.76
Liberty	32,493.81	29,069.36	3,424.45	10.54
Flagler	83,598.12	74,932.07	8,666.05	10.37
Saint Johns	248,711.46	228,449.07	20,262.39	8.15
Gadsden	182,947.10	168,149.84	14,797.26	8.09
Manatee	510,411.19	475,771.08	34,640.11	6.79
Dade	3,753,816.56	3,640,163.00	113,653.56	3.03
Jackson	260,477.80	255,537.10	4,940.70	1.90
Clay	231,694.38	228,156.93	3,537.45	1.53
Baker	65,142.70	64,474.15	668.55	1.03
Marion	632,166.75	627,211.64	4,955.11	0.78
Putnam	228,843.13	227,896.37	946.76	0.41
Pasco	895,702.37	893,428.26	2,274.11	0.25
Charlotte	385,196.77	384,705.82	490.95	0.13

¹ These amounts are unpaid balances for Fiscal Year 2001-02. Figures do not reflect unpaid balances for prior years.
Source: Agency for Health Care Administration and OPPAGA analysis.

Appendix E

Cost Estimates for New County Billing Options

	Option 1	Option 2	Option 3
	Counties Pay	Counties Pay 1.5% of Total Medicaid Nursing Home Costs Based on the Percentage of Nursing Home Beds ²	Counties Pay 1.5% of Total Medicaid Nursing Home Costs Based on the Population Age 65 and Over and Medicaid Eligible
Billings for Fiscal Year 2001-02	Current Percentage ¹		
Alachua	\$ 336,793.65	\$ 349,627.65	\$ 293,791.27
Baker	65,142.70	67,625.06	37,966.50
Bay	385,867.82	400,571.86	290,317.99
Bradford	70,137.66	72,810.36	67,908.54
Brevard	1,062,610.36	1,103,102.64	598,960.51
Broward	1,692,090.60	1,756,570.12	2,363,624.41
Calhoun	62,940.60	65,339.04	64,794.57
Charlotte	385,196.77	399,875.24	225,643.19
Citrus	377,696.13	392,088.78	256,184.07
Clay	231,694.38	240,523.42	82,759.79
Collier	305,814.24	317,467.73	277,143.50
Columbia	171,794.46	178,340.93	155,698.59
Dade	3,753,816.56	3,896,861.08	12,039,453.60
DeSoto	84,139.23	87,345.48	56,051.49
Dixie	43,748.53	45,415.63	44,913.06
Duval	1,933,193.06	2,006,860.13	1,285,591.31
Escambia	669,791.70	695,315.07	507,697.18
Flagler	83,598.12	86,783.75	33,535.08
Franklin	40,099.59	41,627.64	33,056.01
Gadsden	182,947.10	189,918.56	150,788.10
Gilchrist	39,203.23	40,697.12	43,475.84
Glades	8,844.45	9,181.48	4,431.42
Gulf	47,920.96	49,747.06	42,757.23
Hamilton	68,505.65	71,116.16	42,397.92
Hardee	57,271.41	59,453.82	63,357.35
Hendry	75,368.05	78,240.06	80,843.50
Hernando	201,174.33	208,840.36	208,037.27
Highlands	261,290.71	271,247.56	189,353.44
Hillsborough	1,793,871.87	1,862,229.91	1,758,675.49
Holmes	98,474.42	102,226.93	80,364.43
Indian River	213,591.58	221,730.79	165,519.58
Jackson	260,477.80	270,403.68	176,178.95
Jefferson	79,349.69	82,373.42	58,327.09
Lafayette	15,345.00	15,929.74	10,898.90
Lake	509,500.00	528,915.22	353,675.34
Lee	777,368.67	806,991.41	553,448.61
Leon	406,437.10	421,924.96	331,158.93

Special Review

	Option 1	Option 2	Option 3	
	Billings for Fiscal Year 2001-02	Counties Pay Current Percentage ¹	Counties Pay 1.5% of Total Medicaid Nursing Home Costs Based on the Percentage of Nursing Home Beds ²	Counties Pay 1.5% of Total Medicaid Nursing Home Costs Based on the Population Age 65 and Over and Medicaid Eligible
Levy	\$ 101,905.29	\$ 105,788.54	\$ 77,685.16	\$ 95,694.75
Liberty	32,493.81	33,732.03	-	14,252.41
Madison	92,574.44	96,102.12	220,971.12	77,729.53
Manatee	510,411.19	529,861.13	577,891.27	328,763.57
Marion	632,166.75	656,256.36	592,133.54	535,962.46
Martin	265,930.99	276,064.67	343,109.45	135,936.85
Monroe	143,825.08	149,305.74	205,434.09	118,450.70
Nassau	109,155.65	113,315.18	103,580.21	47,188.65
Okaloosa	363,349.60	377,195.55	426,836.79	205,641.91
Okeechobee	99,401.22	103,189.04	74,664.07	68,866.69
Orange	1,756,145.91	1,823,066.35	1,751,800.33	1,615,911.86
Osceola	348,672.33	361,958.99	466,110.95	332,356.61
Palm Beach	2,042,543.70	2,120,377.73	2,539,873.11	1,560,339.44
Pasco	895,702.37	929,834.38	777,283.17	573,090.59
Pinellas	2,781,541.38	2,887,535.97	4,352,958.40	1,553,871.96
Polk	1,319,584.88	1,369,869.54	1,271,015.52	904,848.36
Putnam	228,843.13	237,563.52	145,443.88	201,210.49
Saint Johns	248,711.46	258,188.96	129,475.26	149,111.34
Saint Lucie	458,512.70	475,984.98	1,256,341.65	345,411.34
Santa Rosa	171,251.18	177,776.95	543,364.53	137,493.83
Sarasota	927,964.89	963,326.31	261,108.45	443,381.69
Seminole	474,427.90	492,506.65	453,163.43	306,965.76
Sumter	122,463.59	127,130.24	116,527.74	112,342.52
Suwannee	158,796.35	164,847.51	173,065.27	134,858.94
Taylor	76,654.12	79,575.13	51,790.11	56,291.03
Union	19,179.61	19,910.48	-	19,761.74
Volusia	1,281,906.97	1,330,755.86	1,386,680.09	740,766.00
Wakulla	45,386.04	47,115.54	51,790.11	41,439.78
Walton	126,250.75	131,061.71	93,653.77	90,424.95
Washington	119,401.43	123,951.39	51,790.11	81,322.57
TOTAL	\$32,808,262.89	\$34,058,468.42	\$34,058,468.42	\$34,058,468.42

¹ AHCA's Fiscal Year 2003-04 estimate of total Medicaid nursing home costs of \$2.27 billion was multiplied by 1.5% to estimate the total of \$34 million used for all three options. The percentage billed to each county in Fiscal Year 2001-02 was applied to the \$34 million to determine county amounts for Option 1. For Option 2, the \$34 million was multiplied by the percentage of nursing home beds by county for Fiscal Year 2001-02 to estimate county totals. For Option 3, the \$34 million was multiplied by the proportion of each county's population age 65 and over and Medicaid eligible.

² Glades, Liberty, and Union counties are not included in Option 2 calculations because they have no current Medicaid nursing home beds.

Source: Agency for Health Care Administration and OPPAGA analysis.

Appendix F



JEB BUSH, GOVERNOR

RHONDA M. MEDOWS, MD, FAAFP, SECRETARY

January 31, 2003

Mr. John W. Turcotte, Director
Office of Program Policy Analysis
and Government Accountability
111 West Madison Street, Room 312
Claude Pepper Building
Tallahassee, FL 32399-1475

Dear Mr. Turcotte:

Thank you for the opportunity to respond to the preliminary and tentative report of your office's special review of Legislative Options for County Share of Medicaid Nursing Home Costs.

In your report you provide the Legislature with three options for modifying the county share of Medicaid nursing home costs, and three options for modifying the current process for billing the counties. We appreciate the analyses performed by your staff in determining these options. Should any statutory changes be adopted by the Legislature, we will work with the counties to ensure successful implementation of the changes.

If you have any questions regarding this response please contact Rufus Noble at 921-4807 or Kathy Donald at 922-8448.

Sincerely,

/s/
Rhonda Medows, M.D.
Secretary

RMM/kd

The Florida Legislature

Office of Program Policy Analysis and Government Accountability



Visit the [Florida Monitor](http://www.oppaga.state.fl.us), OPPAGA's online service. See <http://www.oppaga.state.fl.us>. This site monitors the performance and accountability of Florida government by making OPPAGA's four primary products available online.

- [OPPAGA publications and contracted reviews](#), such as policy analyses and performance reviews, assess the efficiency and effectiveness of state policies and programs and recommend improvements for Florida government.
- [Performance-based program budgeting \(PB²\) reports and information](#) offer a variety of tools. Program evaluation and justification reviews assess state programs operating under performance-based program budgeting. Also offered are performance measures information and our assessments of measures.
- [Florida Government Accountability Report \(FGAR\)](#) is an Internet encyclopedia of Florida state government. FGAR offers concise information about state programs, policy issues, and performance. Check out the ratings of the accountability systems of 13 state programs.
- [Best Financial Management Practices Reviews of Florida school districts](#). In accordance with the *Sharpening the Pencil Act*, OPPAGA and the Auditor General jointly conduct reviews to determine if a school district is using best financial management practices to help school districts meet the challenge of educating their students in a cost-efficient manner.
- Subscribe to OPPAGA's electronic newsletter, [Florida Monitor Weekly](#), a free source for brief e-mail announcements of research reports, conferences, and other resources of interest for Florida's policy research and program evaluation community.

OPPAGA provides objective, independent, professional analyses of state policies and services to assist the Florida Legislature in decision making, to ensure government accountability, and to recommend the best use of public resources. This project was conducted in accordance with applicable evaluation standards. Copies of this report in print or alternate accessible format may be obtained by telephone (850/488-0021 or 800/531-2477), by FAX (850/487-3804), in person, or by mail (OPPAGA Report Production, Claude Pepper Building, Room 312, 111 W. Madison St., Tallahassee, FL 32399-1475).

Florida Monitor: <http://www.oppaga.state.fl.us/>

Project supervised by Frank Alvarez, Staff Director (850/487-9274)

Project conducted Mary Alice Nye (850/487-9243) and Drucilla Carpenter,

LeNee Carroll, Rae Hendlin, and Deanna Bishop

John W. Turcotte, OPPAGA Director